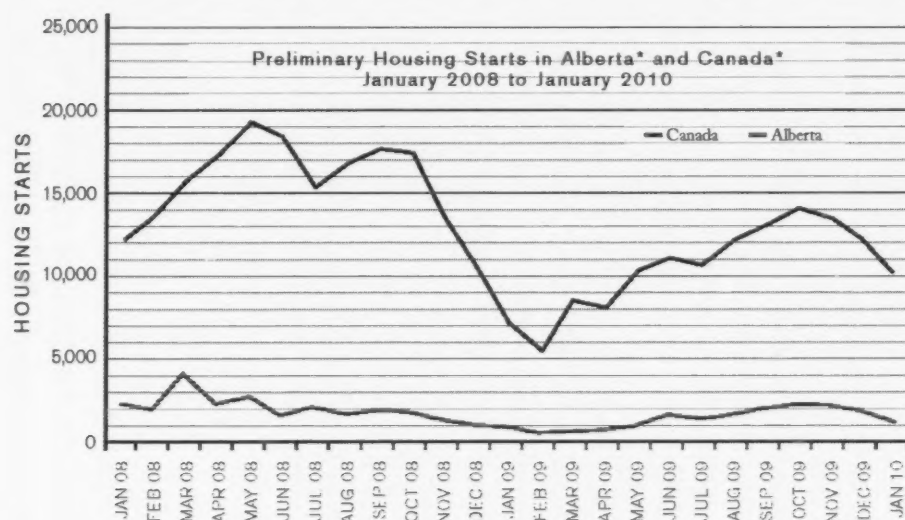


HOUSING BULLETIN MONTHLY REPORT

1

ALBERTA HOUSING STARTS up 50 PER CENT FROM 2009



- Alberta's January 2010 housing starts increased 50.7 per cent over January 2009, suggesting a more moderate recovery in Alberta's home building sector.

- Canada's total housing starts in January 2010 were down 16.7 per cent from December 2009, but up 41.1 per cent when compared to January 2009.

- Since the low point of February 2009, starts across Canada and in Alberta have experienced a sustained recovery, which is now beginning to level out.

- From February 2009 to January 2010, preliminary housing starts increased 82.7 per cent across Canada and 115.5 per cent in Alberta.

- Alberta's January 2010 housing starts decreased 30.6 per cent over the previous month (December 2009); a larger decrease than the December 2008 to January 2009 comparison (-20.4 per cent).

* Data reflects centres with a population of 10,000 and over only.

Source: Canada Mortgage and Housing Corporation

ISSUE HIGHLIGHTS

Consumer Price Index

Alberta shelter costs are higher than the national average.

Page 6

Condo Conversions

Fewer apartment units being converted to condos in 2009.

Page 3

Absorptions

More new homes sat vacant on the Prairies in Q4.

Page 3

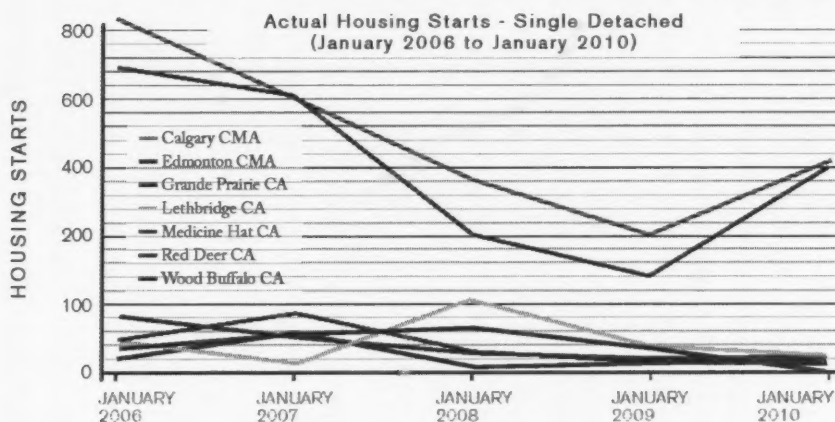
New federal rules come into effect April 19, 2010 to prevent a housing bubble in Canada's hot housing market and protect homebuyers from taking on too much debt.

ON) Momentum in new construction at the end of 2009 carried over into 2010 as home buyers took advantage of low mortgage rates. (CANADA MORTGAGE AND HOUSING CORPORATION) Momen

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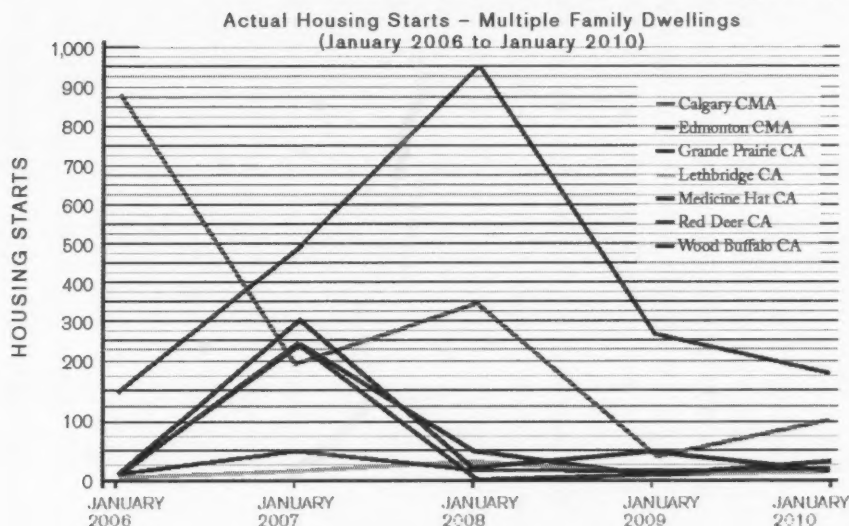
SINGLE-FAMILY HOUSING STARTS ROSE 88 PER CENT from JANUARY 2009 to JANUARY 2010



- Total single-detached housing starts across Alberta's seven major urban centres increased 88 per cent from 68 units in January 2009 to 127 units in January 2010. While this marks a considerable boost in housing starts, these figures remain well below levels during the height of Alberta's last economic and housing boom in January 2006 (254).
- From January 2009 to January 2010, housing starts for single-detached homes increased by 102 per cent in Calgary and by 170 per cent in Edmonton. Canada Mortgage and Housing Corporation (CMHC) predicts single-family home construction will continue at a robust level this year.
- Lethbridge (-36 per cent), Medicine Hat (-21 per cent), and Wood Buffalo (-100 per cent) had fewer single-detached foundations poured in January 2010 compared to January 2009. CMHC attributes the significant drop in Wood Buffalo to builders finishing up homes that were started in 2009, but expect higher levels of building activity in 2010 due to improvement in the area's economic conditions.

Source: Canada Mortgage and Housing Corporation

MULTI-FAMILY STARTS WERE DOWN 9.6 PER CENT from JANUARY 2009 to JANUARY 2010



- Overall, construction of multi-family dwellings across Alberta's largest centres was down 9.6 per cent from January 2009 to January 2010. The largest decline occurred in Wood Buffalo, which fell from 38 starts in January 2009 to no starts in January 2010. A senior analyst with ATB financial remarked that the slower starts might be attributed to January's weather conditions and to a correction from the construction bounceback in late 2009.
- Regionally, the most notable increase in multi-family housing starts occurred in Calgary from January 2009 (39) to January 2010 (101), an increase of 159 per cent. During the same period, multi-family starts in Edmonton decreased by 32 per cent. CMHC anticipates a gradual increase in new construction for multi-family dwellings across Alberta as inventory decreases and fewer rental properties become available.
- There were no multi-family housing units constructed in the Grande Prairie region in either January 2009 or January 2010. This is due in part to excess inventory left over from the oil boom of 2005-07 that could take some time to absorb.

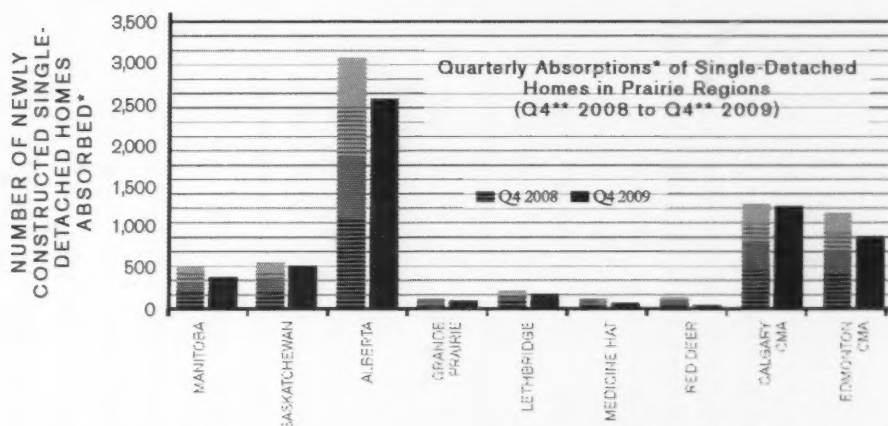
Source: Canada Mortgage and Housing Corporation

EDMONTON) January represented the seventh consecutive month of growth in housing starts in Edmonton. (REALTORS ASSOCIATION OF EDMONTON) January represented the seventh

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MORE NEWLY BUILT HOMES SITTING VACANT on the PRAIRIES



- More new homes were absorbed in Lethbridge (5 per cent), Medicine Hat (11 per cent), Calgary (7 per cent), and Edmonton (1 per cent) when comparing Q3*** to Q4 2009. Conversely, fewer newly built homes were absorbed in Grande Prairie (-48 per cent) and Red Deer (-63 per cent).

* The term "absorbed" means that a newly built housing unit is no longer on the market. This usually happens when a binding contract is secured between a builder and a qualified purchaser by a non-refundable deposit.

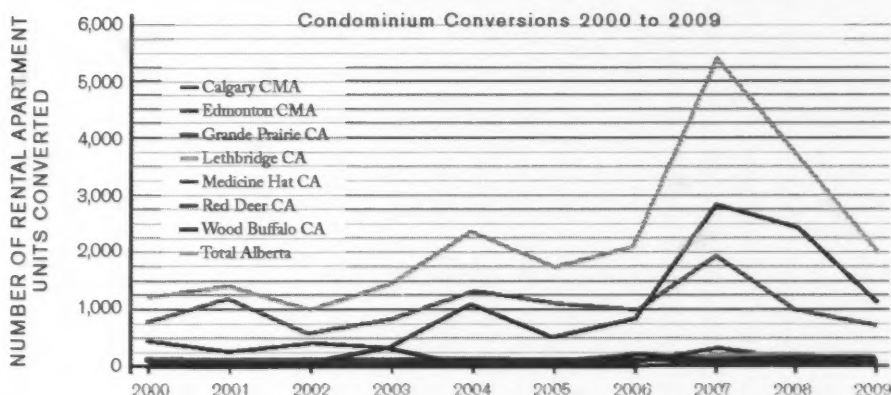
** Q4 = October to December

*** Q3 = July to September

Source: Canada Mortgage and Housing Corporation

- More newly built homes across the Prairies sat vacant from October to December 2009 (Q4**) than in the same period of 2008.
- Despite the 16 per cent decrease in absorptions (from Q4 2008 to Q4 2009), five times as many newly built homes were absorbed in Alberta in Q4 (2,561) compared to Manitoba (408) and four times as many as Saskatchewan (514).
- 21 per cent fewer newly constructed homes were absorbed in Manitoba in Q4 2009 compared to Q4 2008. Nine per cent fewer homes were absorbed in Saskatchewan during that time period.
- From Q4 2008 to Q4 2009, Grande Prairie absorptions fell 34 per cent, Red Deer 65 per cent, Edmonton 24 per cent, and Calgary 1 per cent.

FEWER RENTAL UNITS LOST in 2009



- In the Wood Buffalo Region, the number of apartments converted to condos increased 871 per cent from 7 units in 2008 to 68 units in 2009.

Source: Canada Mortgage and Housing Corporation

- Condominium conversions were down 48 per cent across Alberta's major urban centres from 2008 to 2009. This means that more rental apartments remained in the rental market due to a decline in condo conversions.
- From 2006 to 2007, condominium conversions jumped 159 per cent. During that same period, conversions rose 242 per cent in Edmonton and 103 per cent in Calgary, a significant loss of rental units in Alberta's major urban centres.
- Condominium conversions decreased 55 per cent from 2008 to 2009 in Edmonton and 27 per cent in Calgary. The more recent decrease is a reversal of past trends.

IED) Edmonton's vacancy rate increased in spite of low levels of new rental construction, and continued, albeit at a much lower rate, apartment to condo conversions. (CUSHMAN + WAKEFIELD) Ed

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REAL ESTATE ACTIVITY IN EDMONTON STARTED OFF THE NEW YEAR WITH INCREASED LISTINGS and GREATER PRICE STABILITY

YEAR-TO-YEAR COMPARISON OF HOUSING RESALE ACTIVITY IN EDMONTON IN THE MONTH OF JANUARY

	AVERAGE PRICE			Days on the Market	Residential Listings	Residential Sales	Monthly Sales to Listings Ratio	Average Year to Date Sales to Listings Ratio
	Single-Family Dwelling	Condominium	Duplex / Rowhouse					
Jan 06	\$235,180	\$133,534	\$180,695	50	1,669	1,175	70	70
Jan 07	\$357,526	\$233,078	\$294,147	33	2,118	1,554	73	73
Jan 08	\$379,566	\$257,956	\$301,756	63	3,408	1,227	36	36
Jan 09	\$352,688	\$238,534	\$299,222	69	2,433	730	30	30
Jan 10	\$367,747	\$239,006	\$300,563	57	2,205	884	40	40

- The average price of a single-family dwelling in Edmonton increased by 4.3 per cent from January 2009 to January 2010. Although listings were down 9.4 per cent, sales were up 21.1 per cent, boosting the sales to listing ratio by 10 percentage points and decreasing the number of days on market by 17.4 per cent.
- The increase in listings indicates a housing market recovery as homeowners gain confidence in price trends and sales activity.

- The average price of Edmonton condominiums in January 2010 remained stable with only a 0.2 per cent increase over January 2009.
- The President of the Realtors Association of Edmonton notes that while low prices have motivated some buyers, the continuing low interest rates are a bigger factor for first-time and repeat buyers. This boost may be dampened with the federal government's recent announcement to enforce more stringent qualifying criteria for mortgages. This may also lead to decreased competition for homes, fewer bidding wars and a drop in house prices.

Source: Realtors Association of Edmonton

CALGARY HOMES SOLD FASTER in JANUARY 2010 THAN ONE YEAR PRIOR

YEAR-TO-YEAR-COMPARISON OF HOUSING RESALE ACTIVITY IN CALGARY IN THE MONTH OF JANUARY

	SINGLE-FAMILY DWELLING					CONDOMINIUM				
	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market	Average Price	Month End Inventory	New Listings Added	Sales	Days on the Market
Jan 07	\$432,877	2,641	2,325	1,497	38	\$287,299	886	1,004	736	39
Jan 08	\$455,297	3,997	3,023	1,083	50	\$311,232	1,926	1,406	454	48
Jan 09	\$413,049	4,040	2,068	550	62	\$270,940	1,923	941	225	64
Jan 10	\$441,217	2,513	1,822	762	43	\$282,639	1,397	951	376	50

- The average number of days on market for single-family dwellings fell from 62 to 43 and from 64 to 50 for condominiums, suggesting a shift toward a sellers' market.

* Excerpt from a January 6, 2010 news article in the *Calgary Sun*.
Source: Calgary Real Estate Board

- The average price for a single-family home in Calgary increased nearly 7 per cent from January 2009 to January 2010. The average price of a condominium increased 4.3 per cent during that same period.
- Calgary's January 2010 single-family home sales were up 39 per cent from the same month one year ago, while the number of condominium sales increased 67 per cent.
- The Calgary Real Estate Board predicts the outlook for Calgary home sales in 2010 will be tied to the energy sector and the resumption of significant investment in Fort McMurray that will boost employment in Calgary.*

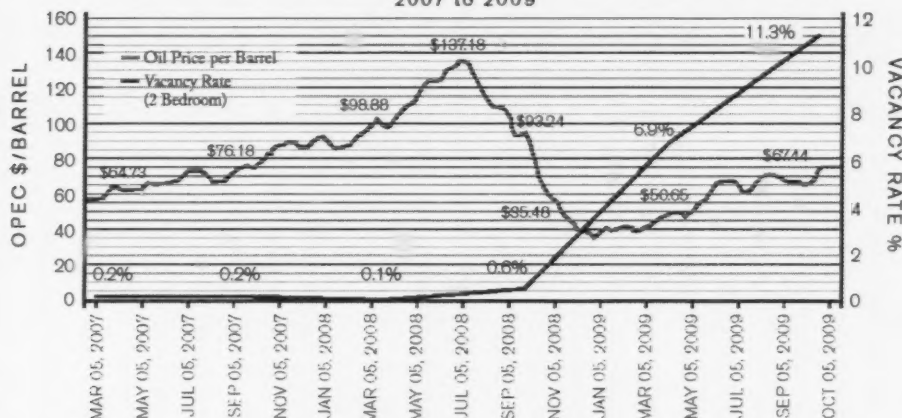
TATE ASSOCIATION) Average home prices are more in line with average incomes, which will continue to attract first time buyers (CANADIAN REAL ESTATE ASSOCIATION) Average home price

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VACANCY RATES IN WOOD BUFFALO REGION RISE as OIL PRICES FALL

Oil Prices and Vacancy Rates (2-bedroom) in the Wood Buffalo Region,
2007 to 2009

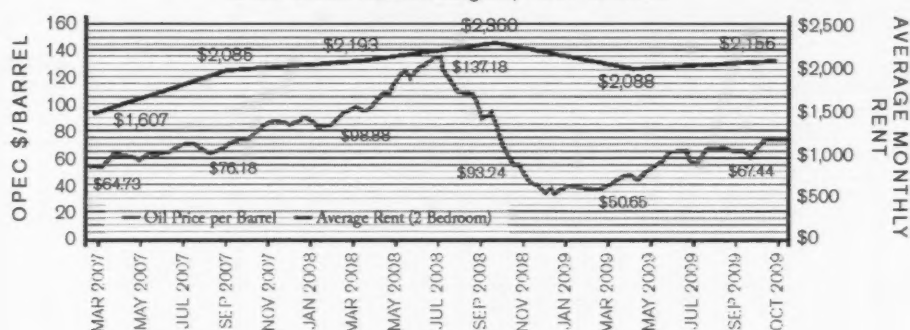


- As the price of oil rose and production ramped up in the Wood Buffalo Region in 2007, the influx of mobile workers pushed the vacancy rate down to near zero levels.
- Quarterly price forecasts failed to predict oil's price peak of close to \$150 per barrel in mid 2008 and the subsequent crash to approximately \$30 per barrel in early 2009. The impact was felt throughout Alberta as the Gross Domestic Product (GDP) slid, unemployment grew and migration out of the province rose for the first time in years (Source: *Alberta Oil Magazine*).

- The effects of the weakening energy industry in mid 2008 were particularly strong in the Wood Buffalo Region as unemployment rose and many mobile workers from other provinces returned home. As a result, the rental vacancy rate spiked from 0.6 in 2008 to 11.3 in 2009.
- A genuine recovery could come in 2010 as markets tighten up with growing consumption and reduced housing and apartment surpluses. Along with this recovery we may see vacancy rates drop, and rental rates go back up to their previous highs as employment in the sector regains steam.

Sources: Canada Mortgage and Housing Corporation (CMHC) Rental Market Reports (Fall 2007-2009) and Energy Information Administration, Weekly Organization of the Petroleum Exporting Countries (OPEC) Spot Price Free On Board (FOB) Weighted by Estimated Export Volume (\$/Barrel). Canada Mortgage and Housing Corporation (CMHC) Rental Market Reports (Fall 2007-2009) and Energy Information Administration, Weekly Organization of the Petroleum Exporting Countries (OPEC) Spot Price Free On Board (FOB) Weighted by Estimated Export Volume (\$/Barrel).

Oil Prices and Average Monthly Rental Costs (2-bedroom)
in the Wood Buffalo Region, 2007 to 2009



- Despite the dramatic rise in vacancy rates from 2008 (0.6 per cent) to 2009 (11.3 per cent), rental rates in the Wood Buffalo Region have decreased by only 9 per cent from 2008 to 2009. They remain the highest rental rates in the country, higher than the cost to rent a similar apartment in Vancouver, British Columbia.
- While oil prices more than doubled between April 2007 to October 2008, the average monthly rent for a two-bedroom apartment in the Wood Buffalo Region increased nearly 50 per cent.

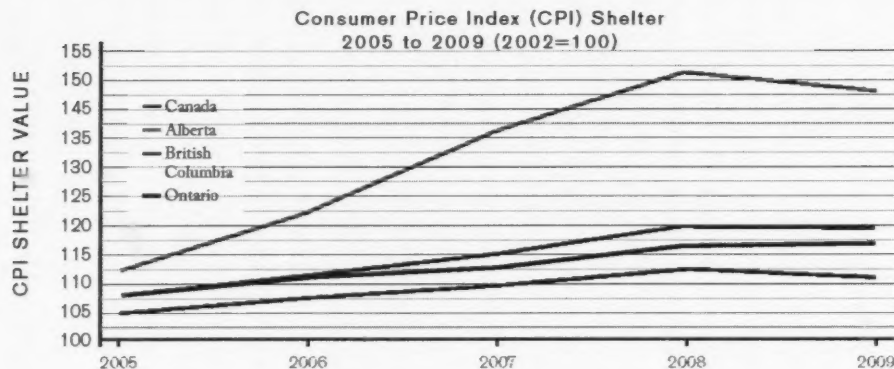
Sources: Canada Mortgage and Housing Corporation (CMHC) Rental Market Reports (Fall 2007-2009) and Energy Information Administration, Weekly Organization of the Petroleum Exporting Countries (OPEC) Spot Price Free On Board (FOB) Weighted by Estimated Export Volume (\$/Barrel).

s cited by REUTERS) Economic and population growth in Alberta will set the stage for rental increases in the back half of 2010 (BOARDWALK REAL ESTATE INVESTMENT TRUST as cited by REUTERS) Economic and po

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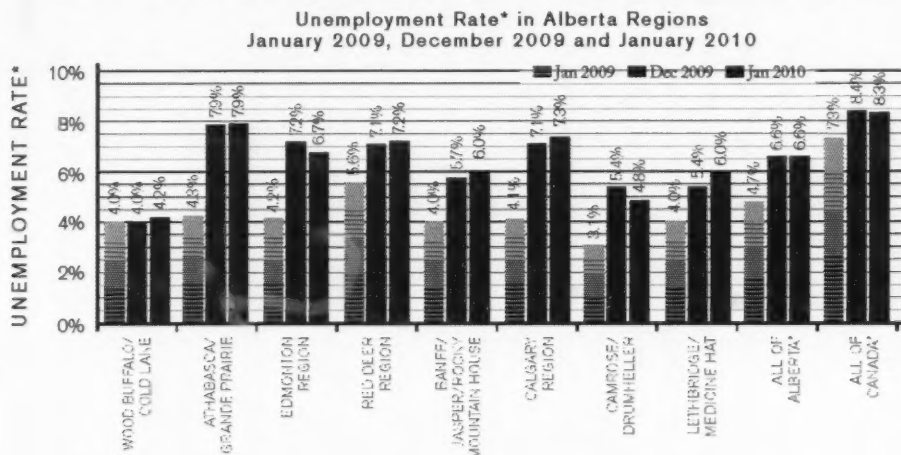
ALBERTA SHELTER COSTS SHOWED IMPROVEMENT in 2009, BUT ARE STILL HIGHER THAN the NATIONAL AVERAGE



- The Consumer Price Index (CPI) is an indicator of change in consumer prices experienced by Canadians. It is obtained by comparing through time, the cost of a fixed basket of commodities. Shelter is a major component of the CPI 'basket of goods' that can be viewed as a single entity to estimate average household expenditures on their shelter costs.
- Shelter costs in Alberta have remained elevated since spiking 12 per cent from 2006 to 2007 during the height of the economic boom. Between 2006 and 2008, the CPI for shelter increased by 21 per cent.
- Since 2005, shelter costs in Alberta have outpaced those of British Columbia (BC) and Ontario, as well as the national average. In 2009, Alberta's CPI for shelter (147.4) was 31 per cent higher than BC (112.3), and 24 per cent higher than Ontario (118.6).
- Although the Alberta CPI for shelter has dropped slightly between 2008 (151.1) and 2009 (147.4), it remains well above the Canadian average of 121.6.

Source: Statistics Canada

ALBERTA'S UNEMPLOYMENT RATE REMAINS STABLE in the NEW YEAR



- Canada's January 2010 unemployment rate was the lowest its been since September 2009, as the country gained almost three times more jobs than previously forecasted.
- Although it remains lower than the national average (8.3 per cent), Alberta's seasonally adjusted unemployment rate increased from 4.7 per cent in January 2009 to 6.6 per cent in January 2010, but remained unchanged from the (revised) December 2009 rate.
- Alberta's labour force participation rate of 73.4 per cent remained the highest in the country, 6.3 percentage points above the national rate of 67.1.
- The most substantial month-to-month regional improvement in Alberta occurred once again in the Camrose/Drumheller region, where unemployment fell from 5.4 per cent in December 2009 to 4.8 per cent in January 2010.
- Unemployment rates are not showing the same trends of recovery across the province as a whole. From December 2009 to January 2010, the unemployment rate increased from 5.4 per cent 6.0 per cent in the Lethbridge/Medicine Hat region, the largest jump in Alberta.

* Seasonally adjusted.

Source: Alberta Employment and Immigration

AND IMMIGRATION) Full-time employment in Alberta increased by 6,300 in January 2010.
(ALBERTA EMPLOYMENT AND IMMIGRATION) Full-time employment in Alberta increased by 6,300 peo

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